

# **SALES AND USE TAX REVIEW COMMISSION**

## **RECOMMENDATION PURSUANT TO P.L. 1999, C. 416**

**BILL NUMBER:** A-2214

**DATE OF**

**INTRODUCTION:** 3/20/00

**SPONSOR:** Assemblyman Biondi  
Assemblyman Augustine

**DATE OF**

**RECOMMENDATION:** 6/1/00

**IDENTICAL BILL:** S-633

**SPONSOR:** Senator Matheussen

**COMMITTEE:** Assembly Local Government  
Senate Budget and Appropriations

### **DESCRIPTION:**

These bills provide a sales tax exemption for sales of food and drink, admission or amusement charges collected by county and municipal governments under certain circumstances.

### **ANALYSIS:**

The provisions of these bills will not result in increased sales tax simplicity. As drafted, the bills would provide an exemption for sales of food and admissions; however, sales of tangible personal property would remain taxable. Thus, a customer would not be required to pay tax on the purchase of a hot dog and soda but would pay tax on the purchase of a team banner or key chain. Since county or municipal government instrumentalities are still required to collect and remit tax on property sales, these bills do not result in reduced compliance costs for such sellers. Sales tax must still be accounted for and remitted periodically on sales that are not exempt under the bills.

Also, other nongovernmental vendors of food and drink and admissions are not exempt from the tax, including exempt organizations. For example, the sale of admissions to a professional or college football or basketball game would remain subject to sales tax in this State. Finally enactment of either bill could result in privately owned businesses, such as food concessions or minor league baseball clubs, through the device of agency, having a significant competitive advantage in the market place. Businesses unable to obtain contracts with the government owners of covered facilities would still have to comply with the provisions of the Sales and Use Tax Act with respect to sales of food and admissions.

**RECOMMENDATION:**

The Sales and Use Tax Review Commission does not recommend enactment of either of these bills.

**COMMISSION MEMBERS FOR PROPOSAL: 0**

**COMMISSION MEMBERS AGAINST PROPOSAL: 6**

**COMMISSION MEMBERS ABSTAINING: 0**